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Eighth session

SUMMARY RECORD OF THE 8th MEETING

Held at the Vienna International Centre, Vienna,
on Thursday, 4 July 1991, at 10 a.m.

President: Mr. TOFIGH (Islamic Republic of Iran)
later: Mr. KOSTENKO (Ukrainian Soviet Socialist Republic)

CONTENTS

Agenda item		Paragraphs
18	Computerization programme of UNIDO (continued)	1 - 51
7	UNIDO Country Director programme	52 - 80
8	Second Industrial Development Decade for Africa	81 - 113

The meeting was called to order at 10.05 a.m.

COMPUTERIZATION PROGRAMME OF UNIDO (IDB.8/3 and Corr.2, IDB.8/5, IDB.8/6 and Add.1, IDB.8/12, IDB.8/19, IDB.8/48; IDB.8/CRP.8; PBC.7/CRP.13 and Add.1) (continued)

1. Mr. ARIAS SALGADO (Spain) said that there had been an unhappy breakdown of the spirit of dialogue and cooperation which ought to exist between the Member States and the Secretariat. He recalled that his Government had financed the participation of a distinguished Spanish specialist in the Working Group of Independent Experts set up in accordance with decision IDB.7/Dec.26. The Working Group had recommended that consultants should be engaged to study the automation needs of UNIDO (IDB.8/6, para. 27). Such consultants had been duly appointed by the Director-General, with a specific mandate, and a Project Liaison Committee had been set up, inter alia, to review and approve the contractor's reports.

2. At the outset of the Committee's meetings, serious divergences had become apparent between the preliminary report of the consultants and the report of the Working Group of Independent Experts. The basic problem had been summarized in a note communicated by the United Kingdom, Belgian and Spanish experts to the President of the Board on 23 May 1991. The authors of the communication had stated that the consultants had provided the design of information systems but not the basic data and the analysis leading to that design. The selection made clearly contradicted their own previous professional experience and the conclusions that the entire Working Group had reached in its report dated 14 February 1991. Nothing so far presented, the experts continued, gave a reasoned and well-founded argument, based on factual data, for amending the final conclusions of the experts. The debate which they had had with the consultants about machine capacity and the question of centralized versus distributed processing were at the very centre of the problem and remained unsolved.

3. The Spanish delegation did not wish to pass judgement on the consultants' findings since it believed that the mandate given to the consultants had not been complied with. It agreed with the recommendation made by the Working Group of Independent Experts to the Secretariat to the effect that the various possible technical options should be examined with due regard for their financial and legal implications. It further believed that the Working Group should continue its work with all dispatch so as to be able to submit its final report before the Programme

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and Budget Committee reconvened on 23 August. It was also indispensable for the Secretariat to cooperate with the experts to do all in its power to ensure that the negotiations with the supplying firm would result in the most favourable terms under each of the possible technical options.

4. The time had come to put an end to the general confusion which surrounded the issue. It was impossible to continue on the basis of incomplete information and views that were not in line with the mandate given to the consultants. He appealed for a serious and rigorous procedure, in a climate of professional understanding, to obtain all the facts required for the adoption of a decision which would serve the interests of the Organization.

5. Mr. PLUG (Netherlands) recalled his delegation's earlier statements concerning the initial choice of a mainframe computer and the manner in which the Secretariat had informed Member States about the implementation of the computerization programme. At the present juncture, he would merely add that, in the opinion of the Netherlands, the consultants had done an excellent job in presenting conclusions and recommendations that were pragmatic and practical, and had presented the most economical, plausible and feasible choice. In its view, the other two options, on which the resumed seventh session of the Programme and Budget Committee had requested additional information, involved greater risks as well as additional uncertainties whose financial implications could not be calculated.

6. However, his advocacy of pragmatism as a means of avoiding paralysis and his endorsement of the conclusions and recommendations of the consultants in no way signified satisfaction with the manner in which the Secretariat had handled the electronic data-processing (EDP) programme. An assurance must be given that in future the necessary management decisions would be taken in a proper and competent manner, and proper feedback provided to the Member States.

7. Mr. PAREDES PORTELLA (Peru) called attention to three points: firstly, the consultants had not complied with their mandate; secondly, no indications had as yet been given as to how the expenditures on EDP were to be covered, given the Organization's delicate financial situation; thirdly, the Board was not in possession of all the legal, technical and financial information that it required to arrive at a judicious solution.

8. The Secretariat should provide full details of the range of possibilities in respect of the contracts signed, from total renegotiation, which would imply alternative suppliers, to adjustment measures to regularize the present situation.

9. The budget for 1992-1993 should be reformulated, allowing only for an inflation rate of 8.22 per cent, and there should be a detailed breakdown of expenditure that related to EDP. Such a presentation would help Member States to come to an informed decision, and approve a specific amount of spending on the system, bearing in mind the Organization's financial possibilities and its real capacity to make use of EDP. Obviously, any endorsement by the Member States of

10. His concern was above all to secure transparency. The Member States should be informed in detail of the commitments entered into by the Secretariat so that they could determine the course of action to be followed. It was not their aim to cause confusion or seek guilty parties. Transparencies and mutual trust would enable Member States to provide for corrective action that would resolve the financial difficulties of UNIDO in a lasting way.

11. Mr. HOSSEIN ZADEH (Islamic Republic of Iran) said that the report prepared by the External Auditor (IDB.8/3) had clarified many points; he also commended the Working Group of Independent Experts, which had rightly recommended the appointment of consultants to analyse in detail the Organization's needs and establish an overall EDP development policy.

12. Although the Secretariat claimed that 30 per cent of the mainframe capacity was currently utilized, the opinion of the independent experts was that the maximum figure was 9 per cent. The experts had also found that, due to the absence of a precise design, the Organization had undertaken a commitment beyond its competence, that the automation programme was generally too capital-intensive and that too much had been invested in hardware and not enough in the Professional staff needed to make it productive.

13. Given that the ultimate goal was to provide UNIDO with specific guidelines for the development of its EDP policy within the limits of its technical, human and financial resources, he believed that the contractor's reports should make specific reference to, and include analyses and comments on, the observations set out in the report of the Working Group of Independent Experts. His delegation endorsed the Programme and Budget Committee's conclusion 1991/13, and hoped that the computerization issue, which had been obsessing the Organization for some time, would be solved once and for all: that could only be in the interest of the developing countries.

14. Mr. CONSTENLA (Costa Rica) said that, in an age of electronics, there was no doubt that UNIDO should have an efficient computer system. However, it was one thing to want a good data-processing system and quite another to accept and perpetuate a decision that had been taken without prior study and without authority. His delegation agreed with others that the Secretariat had been empowered neither by the General Conference nor by the Board to commit UNIDO financially beyond the $4.2 million which had been allocated for the upgrading of the system.

15. Costa Rica disagreed with the view that, in the circumstances, UNIDO could not legally rescind the contract with IBM Austria; it would be possible to invoke the clause relating to the impossibility of fulfilment for reasons beyond the parties' control.

16. He could not accept the argument that the present state of affairs was irreversible. It was true that there were no easy solutions, but there were intelligent alternatives. His delegation favoured a sincere attempt to find an intelligent alternative.

computerization programme had constituted one of the fundamental obstacles to endorsement by the Programme and Budget Committee of the programme and budgets for 1992-1993. The Soviet delegation had already set out its fundamental views on the issue, and for the moment it would merely call the attention of the Secretariat once again to the need to reduce still further the expenditure on the computerization programme, and to the need to provide Member States with regular, detailed and comprehensive information on the evolution of the situation, including the progress of negotiations with IBM.

18. It was to be hoped that, by 23 August, results would have been obtained that could be generally approved, thus permitting the Programme and Budget Committee to take decisions which would enable the Secretariat to set a firm course in the matter, and allowing Member States to concentrate on matters related to industrial development throughout the world.

19. Mr. VETTOVAGLIA (Switzerland) regretted the absence of serenity in the present debate; indeed, one geographical group seemed to have decided in favour of confrontation. He was grateful to the representative of Austria for having, at the previous meeting, tried to put the matter in a proper perspective.

20. The escalation of computerization costs was by no means an unusual phenomenon: he had no need to look further than his own country to find the example of a major municipal authority that had found itself faced with a bill in which the initial estimates had been multiplied threefold. But the ensuing debates had not been as virulent as those at UNIDO.

21. For its part, the Swiss delegation had accorded its confidence both to the Working Group of Independent Experts - which had had 12 members - and to the firm of consultants, and made no hierarchical distinction between the two. It had, however, noted that the latter had spent as many months on its task as the former had spent days.

22. Member States were now divided into two camps, comprising those who no longer had confidence in the consultants and those who were ready to act on the basis of their conclusions. Switzerland was among the latter. The Swiss member of the Working Group had also accepted the consultants' conclusions.

23. Concerning the three options which had been presented, he considered that "option three" represented a short-sighted and risky policy; even if it would save some $5 million, his Government could not accept it. The experts and the consultants must seek a solution within the framework of the Project Liaison Committee. He would oppose the referral of the matter to any new body. What had been done could not be undone.

24. Mr. MANSINGH (India) said that his delegation shared the serious concern expressed by others concerning UNIDO's computerization programme. Responsibilities should be determined and steps taken to avoid any recurrence of the lapses which

recommendation by the consultants and the choice of so-called "option one". Any other decision must be backed by a reasonable certainty that savings would outweigh costs and the adverse impact on the functioning of the Organization and the morale of the staff.

25. As the consultants had stated (PBC.7/CRP.13/Add.1, appendix VI), the current mainframe architecture was likely to provide the most cost-effective solution for the future. The Member States had consistently called for better and quicker response by the Organization to the accelerating pace of industrial development of the developing countries, and the capacity of the mainframe should be optimally utilized to help UNIDO fulfil its basic mandate more effectively. The consultants had made specific recommendations in that regard, and the Director-General should be urged to implement them without delay.

26. Like the Swiss delegation, the Indian delegation did not wish the matter to be referred to another expert body. It considered that the Working Group of Independent Experts had ceased to exist with the submission of its report, and that the expression of any opinion on the matter by any of its members should be treated as strictly personal.

27. Mr. Kostenko (Ukrainian Soviet Socialist Republic) took the Chair.

28. Mr. TAIANA (Argentina) supported the proposals made by the representatives of Spain, France, Chile and Belgium. He suggested that, on 23 August, the Board should resume its eighth session and that all necessary information should be provided to enable it to reach a conclusion on a problem that was holding up the work of the Organization.

29. Mr. KHERBI (Algeria) appealed to the Board to take a decision on a matter that had already been extensively debated. In computer projects, competitiveness alone should be the decisive factor.

30. At the meeting of the Project Liaison Committee scheduled for July, there would be a need for complete clarity. He hoped that the Secretariat would meet the expectations of Member States in that regard.

31. A number of draft decisions had been put forward containing ideas which his delegation approved; a small group should perhaps be set up to formulate a draft decision for submission to the Board.

32. Mr. SCHAAD (Germany) supported the position of the United Kingdom, Netherlands and Austrian representatives. It was time for the Board to come to a decision. Option one provided a good basis for solving the EDP problem, with the necessary finance, although the position of those who had difficulty with it would have to be taken into account. It was important to agree on a budget at the next General Conference session, and a recommendation had to be made by 23 August.

34. Mr. Tofigh (Islamic Republic of Iran) resumed the Chair.

35. Mr. SIAZON (Director-General) said that it was quite clear that all agreed that it was time to find the best technically and politically acceptable option.

36. In his opening statement to the Board he had consciously refrained from going into the different alternatives considered by the Working Group of Independent Experts and the consultants. He had merely emphasized the importance of an early decision on the matter so that the budget might be agreed upon at the resumed session of the Programme and Budget Committee on 23 August.

37. Because of procedural requirements, the Secretariat, in preparing the revised programme and budget which had been considered at the last session of the Programme and Budget Committee, had had to base its proposals on what at that time was apparently the best option, namely the one provided by the consultants. Today, based on the information available, that course still seemed to be the best one; however, the Secretariat was not committed to any of the three options and if it were demonstrated as a result of the meeting of the group of experts and consultants on 31 July that another option was better, that option should be adopted.

38. He assured the representative of Spain that the Secretariat understood his position and agreed that the group of experts and consultants would have to examine options one, two and three in detail. The Deputy Director-General for Administration, in his introductory statement based on the information available at present, had indicated that option one seemed the most viable option; but, since the Project Liaison Committee would meet on 31 July, the door was still open. He was also requesting bridging finance of approximately $2.56 million to meet the obligations of the EDP programme until the end of the year.

39. He assured members of the Board that the Secretariat was not a party to the differences of opinion between the experts and the consultants. It would be very happy if an agreement could be reached as soon as possible.

40. The letter of intent signed by the Secretariat with IBM was merely an indication that the Organization could agree to some give-and-take, subject to the approval of the policy-making bodies of the Organization, namely the Board and the Programme and Budget Committee. Members of the Working Group could see the letter of intent, which was available in the office of the Legal Adviser.

41. All the members of the Working Group had had access to every document relating to the EDP programme. The Secretariat was prepared to be transparent within the limits possible under existing regulations and without entering into conflict with the competence of the External Auditor, the extension of whose mandate the Programme and Budget Committee had just recommended.

42. He assured the Board that his concern was to promote the interests of the Organization and to

delegation would be prepared to endorse a possible

draft resolution on the basis that it would be best to adopt a "near zero solution" in view of budgetary possibilities and the need to avoid a deficit. There should be a maximum ceiling on assessed contributions that should not exceed reasonable inflation.

44. Viscount VILAIN (Belgium) thanked the Director-General for his useful statement, which had cleared up some important points.

45. His delegation welcomed the suggestion of the representative of Algeria for a group to discuss the draft decisions, and would be happy to join such a group.

46. Mr. GUTIERREZ LEYTON (Chile) thanked the Director-General for his explanations, which had clarified the position. His delegation was, as always, prepared to adopt a flexible approach to any solution. He welcomed the apparent agreement that there must be no further delay, but feared that there had been some misunderstanding, since the Legal Counsel had not made all the information available.

47. Mr. ARIAS SALGADO (Spain) also considered that the Director-General's statement had clarified matters.

48. He supported the Algerian suggestion to set up a group, which would be open to all interested members, to draft a decision for the Board on item 18 of its agenda.

49. Mr. WARNER (Deputy Director-General, Department of Administration) said that the group of experts and consultants had been engaged in an active dialogue parallel with the Board's discussions. It was looking into the possibility of merging various components of the different issues while taking into account the cost-benefit element.

50. The concern of the experts and consultants was that the operation should be supported so that there should be no hiatus and no extra cost as a result. All options would be based on the report of the External Auditor.

51. With regard to the continued interest expressed in legal issues, he assured the Board that the Working Group of Independent Experts had had access to all contractual documents, that the file remained open to the members of the Working Group and that he knew of no pertinent document that was missing. He would be happy to hold informal discussions with any interested parties to clarify the matter.

UNIDO COUNTRY DIRECTOR PROGRAMME (IDB.8/27)

52. Mr. WIESBACH (Deputy Director-General, Department of Programme and Project Development) introduced the report of the Director-General on the UNIDO Country Director (UCD) Programme (IDB.8/27). At the time the report was being prepared, the final decision of the UNDP Governing Council had still not been known. Subsequently, the subject had been discussed by the Budget and Finance Committee of the UNDP Governing Council in New York on the basis of the UNDP Administrator's report. Both the Administrator's report and the decision of the Governing Council had been distributed to all

UNDP Governing Council:

(a) The UNDP contribution to the UCD programme would total $3.8 million a year, representing, if computed for the whole period of the fifth cycle, a total of $19 million or an increase of $3 million over the fourth cycle;

(b) The Governing Council's decision would be reviewed in two years as part of the evaluation of the new support cost arrangements;

(c) The Governing Council had invited the Board to consider the question of financing for the UCD programme in the light of those new support cost arrangements.

54. The amount allocated under UNDP sectoral support would not be sufficient to cover even the 29 posts currently financed by UNDP, so that the programme would eventually have to be curtailed.

55. The Director-General had, in the same document, drawn the Board's attention to the possible adverse effects of the UNDP decisions on the operational budget, which was the second-largest source of financing for the UCD programme. In that connection, it should be pointed out that under the 1992-1993 budget it was proposed to finance 10 UCD offices from the operational budget.

56. In the light of those facts, it was unlikely that the current number of 38 posts could be maintained throughout the cycle, and eventually the posts would have to be redistributed to match the available resources. However, it would be possible, for the period 1992-1993, to maintain the same level because of the savings achieved in the recent past under the UNDP-financed programme due to delays in the recruitment of UCDs.

57. Whether the UCD programme could be maintained and even extended would largely depend on voluntary contributions from Member States to host UCD posts, cover local operating costs or meet the full cost of certain offices. To date, only Germany and Italy had made voluntary contributions.

58. UNDP and UNIDO would review the Memorandum of Understanding governing the integration of UCD offices in the UNDP field offices later in the year. That review would be greatly facilitated by the results of three regional meetings of UCDs held in the African, Latin American and Caribbean and Asian and Pacific regions.

59. On the question of the Junior Professional Officer (JPO) programme, referred to in chapter VI, paragraphs 18 and 19, of the annual report (IDB.8/10), he expressed his deep gratitude to the 11 countries that had donated the services of some 21 JPOs in 1990. Those enthusiastic and active young people were an essential element in the Organization's field representation programme. On more than one occasion, former JPOs had been recruited for regular posts in UNIDO, where because of their field experience they had proved particularly valuable.

60. Mr. PLUG (Netherlands), speaking on behalf of the member States of the European Community, noted that document IDB.8/27 was one of the many documents that had been received late.

61. The member States of the European Community offices within the UNDP field offices. They also welcomed the fact that the number of UCD posts established in 1990 had reached a record peak of 39, although that was still far short of the target of 50 posts. There was concern, however, that, for the fifth cycle, the UNDP sectoral support allocation of $19 million would permit the financing of only 19 UCD posts on an annual basis. No further reductions in the present level of those posts was acceptable.

62. The position of the European Community countries was that it might be necessary to find additional sources for financing the programme, including funding from the regular budget. The current number of 39 posts had, at the very least, to be maintained and the number of vacancies kept to an absolute minimum and not, as appeared to be the case, regarded as an appropriate means of effecting budgetary economies.

63. For those reasons, the member States of the European Community called on the Secretariat to redeploy funds within the regular and operational budget to the UCD programme by, among other things, reducing the resources allotted to the New York and Geneva Liaison Offices. They called on host countries in a position to do so to cover at least the local office costs of such posts, and urged donor countries to allocate part of their voluntary contributions to the programme.

64. Unless action were taken on an urgent basis, UNIDO's operational capabilities would be seriously jeopardized. The member States of the European Community wished to hear from the Director-General about the steps he intended to take in order to maintain the current level of UCD posts.

65. Mr. ØSTERGAARD-ANDERSEN (Denmark), speaking on behalf of Finland, Norway, Sweden and Denmark, said that the views expressed in the statement made by the representative of the Netherlands on behalf of the member States of the European Community were fully shared by those countries.

66. Ms. TEPATANAPONG (Observer for Thailand), speaking on behalf of the members of ASEAN, namely Indonesia, Malaysia, the Philippines and Thailand, said that the ASEAN countries noted with concern the Director-General's report on the UCD programme. They acknowledged that he had made strenuous efforts in his negotiations with the Administrator of UNDP regarding the financing of the programme by UNDP during the fifth programming cycle. It was generally recognized that UNDP's position regarding the increase of sectoral support funds for the programme was still rather rigid.

67. Her delegation wished to emphasize that, while maintaining the system of shared financing with UNDP, the number of UCD posts should be increased to 50 in the long run, and that a reduction in the existing number was not acceptable in any circumstances.

68. Alternative sources of funding were the operational budget, the regular budget and voluntary contributions by donor countries. A budget increase would be a burden for Member States, and particularly the developing countries. However, one extra UCD post to be

limits, despite its serious financial implications, and the ASEAN delegations considered it a necessary measure to cope with the current problem. It should be stressed that UNIDO's operational budget would not be able to support more than 10 UCDs, and it would therefore be appreciated if details regarding that suggestion, including the financial implications, were made available in due course.

69. It was likely that the level of general-purpose contributions to the Industrial Development Fund, particularly from host countries, would not increase, a situation which would affect a number of projects to be financed from the Fund and should therefore be brought to the attention of UNDP when the programme was reviewed at a future date.

70. Mr. OKUTU (Uganda) said that his delegation welcomed the decision of the Governing Council of UNDP to continue support for UNIDO by helping to finance the UNIDO Country Director programme. The programme was very important to developing countries in providing assistance for the technical cooperation activities of the United Nations system in the industrial sector and ensuring a continuous channel of communication between field activities and UNIDO Headquarters. His delegation noted with disappointment that, despite the nominal increase of 18.8 per cent in the sectoral support funding to be received from UNDP, UNIDO would not be in a position to achieve the target of 50 Country Director posts by the end of 1996, let alone maintain the current 29 posts. Uganda joined the Director-General in requesting Member States, both developed and developing, to assist the financing of Country Director posts through voluntary contributions so as to enable that target to be met.

71. Mr. CONSTENLA (Costa Rica) said that every effort should be made to maintain at least ten UCD posts from the operational budget, but that the Director-General should consider the possibility of strengthening the programme within available resources by reassigning posts from UNIDO Headquarters. In general his delegation felt that the UCD programme should be more independent of UNDP, and that it should not be financed solely from voluntary contributions.

72. Mr. SCOULAR (United Kingdom) wondered what had happened to funding for the UCD programme after December 1993.

73. Mr. AFANASIEV (Union of Soviet Socialist Republics) said that his delegation had consistently supported the UCD programme in the sessions of the Board and those of the UNDP Governing Council. However, the Secretariat should examine both the resources available to the programme and the role of the UCDs in the light of the relatively recent linkage with UNDP, which might be considered as in some measure limiting their independence. The possibility of increasing their numbers, using funds from the operational budget, should also be considered. The issue would, of course, have to be reconsidered in 1993 during negotiations with UNDP on the future of the programme with a view to determining what resources would be available from UNDP. In any case, it should be understood that no proposals relative to the programme should lead to an increase in the regular budget of UNIDO.

74. Mr. TALUKDAR (Observer for Bangladesh) said that his delegation associated itself with the request that the Director-General should explore ways and means of finding funds for an increased number of UCDs from the operational budget and approach Member States for additional resources in order to attain the target of 50 UCDs by 1997.

75. Mr. WIESEBACH (Deputy Director-General, Programme and Project Development), replying to a question raised by the representative of the Netherlands, said that he was unaware of any case in which a post had been kept vacant for budgetary reasons. Such vacancies arose largely because of the complex recruiting procedures involved and the often lengthy period required to reach agreement with UNDP on suitable candidates.

76. Alternative sources of funding for the programme, and its long-term financing, had been considered in a document submitted to the last session of the Programme and Budget Committee. However, it was difficult to see how the programme could be expanded without an increase in either the operational or the regular budget, unless voluntary contributions were stepped up.

77. The prospects for the period beyond 1993 were still unclear, since the UNDP Governing Council had yet to take decisions in that regard, but the situation would be kept closely under review, and Member States themselves would be responsible for ensuring that a proper balance in the allocation of resources was achieved.

78. Mr. SIAZON (Director-General) said that the problem of financing for the UCDs was by no means new, and that in 1986-1987 the programme had been funded from the regular budget, a situation which had caused some disagreement on the budget. Delegations, however, had not always been consistent in their views on the issue, and it was clear that there was no consensus on funding from the regular budget. Any expansion in the programme, it should be pointed out, would entail suspension of the zero growth principle.

79. Regarding the suggestion that the New York and Geneva Liaison Offices could be closed to free funds for the programme, he noted that those Offices were financed from the regular budget. It should also be pointed out that staff from the New York Office had attended 140 meetings in 1990 on behalf of UNIDO and that it would have been extremely expensive to send staff from UNIDO Headquarters for that purpose. The New York Office was also responsible for maintaining close contacts with the United States Government, whose contribution made up 25 per cent of the regular budget of the Organization. The Geneva Liaison Office maintained close links with ILO and other relevant organizations and provided a valuable information service for the missions of the developing countries in Geneva. The problem with the proposal that staff from UNIDO Headquarters could be reassigned as UCDs was that insufficient staff were available, and that the costs incurred by the acquisition of additional office space would deplete the already modest funds available for the programme. The possibility was, however, being considered. If such assignments were introduced it would be on the understanding that they were mandatory and not, as was currently the case, voluntary, and that they would be of approximately three years' duration.

80. The CHAIRMAN said that the Board had concluded its consideration of the item, but would take a decision on it at a later stage.

SECOND INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA (IDB.8/23)

81. Mr. WIESEBACH (Deputy Director-General, Programme and Project Development) said that, in utilizing the sum earmarked for the preparation of the programme for the Second Industrial Development Decade for Africa (IDDA), under the supplementary activities component of the IDDA programme for 1990-1991, UNIDO had provided support to 37 African countries by recruiting international consultants and making available the services of UNIDO experts and staff members. They had worked in close cooperation with local experts in preparing national programmes. As of mid-June 1991 programmes had been completed for 46 countries. During the reporting period, subregional programmes for the Second Decade had been prepared on the basis of the results of two subregional meetings organized by UNIDO in cooperation with the Economic Commission for Africa (ECA) and the major subregional organizations.

82. Using the national and subregional programmes as inputs, UNIDO, with the assistance of consultants, had prepared the first draft of the programme for the Second Decade. After revision by the secretariats of the Organization of African Unity, ECA and UNIDO, the draft had been finalized by the Working Group of Governmental Experts established by the Conference of African Ministers of Industry at its ninth meeting. The final draft programme would be presented to the Conference of African Ministers of Industry for adoption at its tenth meeting, scheduled for the end of the month. Following its adoption, UNIDO would continue to assist African countries and subregional organizations in its implementation and in coordinating the programme with the country and regional programmes of the fifth UNDP programming cycle and with other sources of industrial development funds. An important step in that regard would be the first Inter-Agency Consultative Meeting on the Programme for the Second IDDA, to be held in Vienna in the autumn of 1991.

83. He was confident that UNIDO and the African countries, having learned from the experience of the First IDDA, would work together effectively to ensure that the Second Decade had a positive impact on the industrial development of Africa.

84. Mr. MOHAMMED (Nigeria), speaking on behalf of the African Group, said that the delegations of the African Group noted from the progress reports contained in document IDB.8/23 that UNIDO had provided assistance to 38 African countries and the subregional organizations for preparation of their national and subregional programmes for the Second Decade, while the Economic Commission for Africa had provided assistance to 42 countries in the form of experts. All those efforts had resulted in the completion, by mid-April 1991, of 48 national programmes.

85. Many African countries had instituted structural adjustment programmes aimed at revitalizing their economies. However, the prospects for economic growth and industrial deteriorating terms of trade, low commodity prices, the net outflow of capital resulting from the debt burden and the recessionary trend in the global economy, over which the African countries had no control. It was now generally recognized that the structural adjustment programmes would not have any lasting effect without support from the external economic environment. For that reason, the African countries called once again on the international community to demonstrate greater understanding of the particular needs of the African contintent through increased assistance, on an urgent basis, in human resources development and the acquisition of appropriate technology and a substantial increase in the flow of financial resources.

86. The Treaty establishing the African Economic Community, recently signed at Abuja, Nigeria, demonstrated the African countries' commitment to establishing a firm foundation for economic growth and development through the integration of their economies. Such efforts would come to nothing, however, without concrete and practical support from the international community.

87. It was noteworthy that virtually all the national programmes submitted by the African countries emphasized accelerated and self-sustained industrial development and that they accorded high priority to a specified range of industries. Emphasis had also been placed on small- and medium-scale industry, the development of human resources and entrepreneurial capabilities, and greater participation of the private sector in industrial development. The African Group agreed with the Secretariat's proposal (IDB.8/23, para. 17) that the existing industrial cooperation programmes, documents and reports adopted at previous subregional meetings, updated in cooperation with the relevant intergovernmental organizations, should be used as the basis for the subregional programme for the Second Decade.

88. He commended the Secretariat for strengthening the IDDA Coordination Unit within the Secretariat. Inclusion of IDDA-related programmes in the medium-term plan was recognized, and UNIDO should strengthen its relations with other relevant institutions, such as the World Bank, the African Development Bank and the United Nations Development Programme for the mobilization of financial resources for the programmes and activities envisaged for the first biennium of the Second Decade. In the interests of promoting greater awareness of the Decade, the African countries had recently proclaimed 20 November as Africa Industrialization Day. An annual event first celebrated in 1990, it would help to ensure the success of the Second IDDA.

89. As members of the Board would be aware, the Conference of African Ministers of Industry had been unable to meet as scheduled earlier in 1991, due to circumstances beyond the control of the Ministers. The meeting had, however, been rescheduled and would now take place in Dakar, Senegal, from 29 to 31 July for the purpose of approving the "zero draft" programme which had been prepared in close collaboration between African Governments, UNIDO, ECA and OAU, with inputs from the World Bank and the African Development Bank.

90. In conclusion, the African Group asked that

of the resumed session of the Board so that the Board would have the opportunity formally to approve the programme.

91. Mr. PLUG (Netherlands), speaking on behalf of the member States of the European Community, said that Africa was still as poor as it had been 30 years before; the three intervening decades had witnessed a waste of human potential and suffering which defied the imagination. Structural changes in southern Africa - the independence of Namibia, the peace process in Angola and new policies in South Africa - might provide some basis for development, but much remained to be done. The continent's long-term problems called for long-term solutions aimed at sustainable growth: a market-oriented economy, participatory and accountable government, institutional pluralism and investment in people were essential if that was to be achieved.

92. The Community and its member States had vigorously promoted technical assistance to Africa. In view of the disappointing results of the First Industrial Development Decade for Africa (IDDA), they believed that the Second IDDA must improve on what had been done previously in implementation of agreed policies. Africa must remain a geographical priority in UNIDO's work. While welcoming the restructuring which had taken place in 1990 of the Secretariat's Coordination Unit for IDDA, the Community countries stressed that it must be followed by practical steps directed towards technical cooperation in the field and the creation of local capacity for self-sustaining development. Because of the large number of bodies involved in the Second IDDA, coordination between the Organization and other bodies, as well as consultation with recipient countries, was indispensable. The primary need, however, was for less talk and more action.

93. Mr. AIT HMID (Morocco) commended the Secretariat for its action to further the implementation of the programme for the Second IDDA. He felt sure that it would spare no efforts to ensure the success of the Decade. His delegation urged the Secretariat to accelerate the preparation of the projects proposed for the Second IDDA programme so that they would be ready for immediate implementation upon approval by the tenth meeting of the Conference of African Ministers of Industry later in the month. He had noted with interest the satisfactory results achieved by the international and local experts who had assisted Governments in the preparation of national programmes for the Second IDDA and stressed the importance of taking greater advantage of the skills of African national experts in the implementation of the programme. His delegation welcomed the programme arrangements being pursued by UNIDO with UNDP, the World Bank, the African Development Bank and other institutions. It supported the proposal made by the representative of Nigeria.

94. Mr. SUN Jie (China) noted with satisfaction the importance attached to the Second IDDA in the programme and budgets of UNIDO for the 1990-1991 and 1992-1993 bienniums and in the draft medium-term plan, 1992-1997. It was regrettable that financial difficulties had forced the Secretariat to postpone action connected with the programme for the Second IDDA which should have taken place in 1990. Because of the disastrous economic situation facing most African countries, he requested the Secretariat to take all necessary steps, including the mobilization of financial resources, to give them further assistance in planning and implementing the programme. China would make its own contribution to the Second IDDA.

95. Mr. RAHMAN (Sudan) thanked the Secretariat for the cooperative action involving African Governments, the Organization of African Unity and ECA which had led to the preparation of the zero draft programme for the Second IDDA. His delegation was also gratified at the Secretariat's efforts to mobilize financial resources for the Second Decade from international and regional institutions such as the World Bank and the African Development Bank. The Secretariat should continue that process. Despite its natural and human resources, the African region was highly underdeveloped owing to a lack of competent manpower and because of financial poverty caused by its heavy burden of external debt and the fall in commodity prices. The countries of Africa, which included most of the world's least developed countries, were nevertheless determined to exploit its resources fully in order to meet their peoples' needs and enable the continent to play its proper role in the world. To that end, his delegation hoped for successful results from the Second IDDA and moral and financial support for it from UNIDO and the international community as a whole.

96. Mr. BOKONGA (Zaire) said that he supported in full the statement made by the representative of Nigeria on behalf of the African Group.

97. He wished to thank Mr. Wiesebach for his clear introductory explanation to document IDB.8/23 containing the report on the Second Industrial Development Decade for Africa. That report made it clear that the Secretariat had fulfilled its mandate, since the programme for the Second IDDA had been prepared according to the timetable established for that purpose by the Conference of the African Ministers of Industry and in accordance with the relevant resolutions and decisions.

98. He was particularly gratified that 46 of the 50 African countries had prepared their national programmes and that the main intergovernmental organizations had drawn up their subregional programmes. Nevertheless, the best programmes would be of no avail if they were not followed by practical measures. His delegation therefore urged the Secretariat to do everything necessary to assist the African countries and their intergovernmental organizations in implementing their programmes for the Second IDDA. He welcomed the initiatives already taken by the Secretariat to mobilize technical and financial resources. The Secretariat should step up the negotiations and consultations in progress with a view to securing the support of the international financial institutions for the Second IDDA programme. Similar representations should be made to the national and subregional development banks in Africa.

99. Since only $8.6 million was allocated to the IDDA programme, the resources should be used as "seed money". Other forms of financing should also be explored, such as the special trust fund formula, and there should be particular emphasis on investment promotion, with serious efforts made to ensure effective follow-up to investment forums and other similar activities.

100. In view of Africa's immense requirements, the Secretariat should endeavour to mobilize resources from other sources, including voluntary contributions. He wished to propose that the Secretariat should be authorized to establish a special account for voluntary IDDA contributions. That formula seemed all the more worthy of consideration since the unrealistic principle of zero growth was continuing to impose artificial limits on budgetary resources at a time when requirements were steadily increasing and assistance requests were on the rise in both quantitative and qualitative terms.

101. As important as financial resources were human resources. As part of its strategy for assisting in the implementation of the IDDA programme, UNIDO should ascribe high priority to the development and use of the African skills. Stress should be laid on endogenous technological development, the emergence of an African industrial entrepreneurial class, the development of an African private industrial sector, the involvement of women in the industrial development process, the preservation and management of the environment and subregional cooperation. The right kind of industrial policies had to be put in place so as to contribute to the creation of a propitious climate for the establishment of priority industries, as called for in national and subregional planning for the Second IDDA.

102. The IDDA programme represented an important contribution to Africa's response to the many challenges facing the continent's development efforts. The African countries were mobilized around the Decade, as indicated by the many national programmes that had been drawn up.

103. Now that the programme for the Second IDDA was about to enter its implementation phase, his delegation hoped that the Secretariat would provide the human, material and financial resources necessary to see the programme through to a successful conclusion, and that it would approach that task with the same efficiency as it had shown in the formulation of the programme. In that connection, he had noted that, for the first time, the rate of delivery for the programme's technical assistance component had approached 50 per cent during the first year of the biennium. It was to be hoped that the necessary measures would continue to be taken to ensure that the total budget allocated for the 1991-1992 biennium was fully used.

104. Mr. AFANASIEV (Union of Soviet Socialist Republics) said that document IDB.8/23 reviewed the Secretariat's activities during the most crucial period of preparation of the programme for the Second Industrial Development Decade for Africa. It did not, however, give a clear account of the results of the First Decade; nor did it indicate which countries would receive technical assistance or what criteria would be used.

105. In his delegation's view it was essential that the programme for the Second Decade should take into account not only the United Nations Programme of Action for Africa and the Lagos Plan of Action but also the views of the recipient countries, which had made a very substantial and constructive contribution to developing new conceptual approaches to solving Africa's industrial development problem. Those approaches were in line with his own country's current policies in such areas as restructuring, privatization, development of human resources, effective use of energy resources and environmental protection.

106. His delegation noted the close cooperation between UNIDO, OAU and ECA in preparing the programmes and projects, particularly at the subregional level, for the Second Decade. Such cooperation should be expanded, and it could scarcely be regarded as sufficient, if projects were to be implemented, to establish units responsible for Decade-related matters in only three international organizations, namely the World Bank, UNDP and the African Development Bank.

107. The documents submitted by the Secretariat failed to indicate how UNIDO and the Governments concerned were going to implement the programme for the Second Decade. There was need for a more thorough study of the machinery required to ensure implementation of the planned activities, since the lack of such machinery had been partly responsible for the cancellation of many components in the programme for the First Decade. Nor did the document provide information on the resources which would be available as a result of the measures referred to in paragraphs 24-25 of document IDB.8/23. In his delegation's view, greater attention should be paid to the search for external sources of financing, such as business and financial organizations.

108. Mrs. TALLAWY (Egypt) said that Africa was in greater need than ever before of help from the international community in overcoming its growing problems: suffering caused by hunger, ignorance and disease - a situation compounded by natural catastrophes and wars - as well as heavy indebtedness and a lack of the physical and human infrastructure necessary for growth. The First IDDA had not achieved the desired results because of mismanagement and the unavailability of the funds earmarked for it. Since sound implementation of the programme for the Second IDDA could have practical benefits for African countries, UNIDO must not fail again to discharge its responsibilities towards them. Her delegation was satisfied with the preparations which had been made for the Second IDDA and looked forward to the adoption of the programme at the tenth meeting of the Conference of African Ministers of Industry.

109. In 1986 and 1987, because of the Organization's financial crisis, resources earmarked for the First IDDA had been used to pay staff salaries. A similar situation prevailed at present and under no circumstances must funds earmarked for the Second Decade be used for that purpose again.

110. Mr. KHERBI (Algeria) said that the statement made by the representative of Nigeria had expressed the standpoint of all the countries of the African Group on the issue of the Second IDDA. He warned the Board and the Secretariat against continuing to treat the question of African industrial development in a perfunctory manner by repeating what had been said on the subject before and by congratulating themselves on the little which had been done to further

the industrialization of Africa and to help overcome the continent's disastrous plight.

111. The programme for the Second IDDA was a challenge; the proper course for the Board would be to say explicitly whether the funds allotted to the programme were sufficient for that challenge to be met. Within UNIDO there was an overwhelming shortage of human resources for meeting the requirements of the programme, and in any event the IDDA programme in itself would not produce industrialization in Africa. Financial resources needed to be mobilized for that purpose from organizations such as the World Bank and other international financial institutions, from special trust funds and from the private sector. Moreover, resources should be redeployed from UNIDO Headquarters to the field; in other words, there should be a UNIDO unit in Africa itself.

112. Despite its shortcomings, the programme for the Second IDDA was essential for Africa. The Secretariat should if necessary adapt the programme to meet the conclusions which would be expressed on the subject by the Conference of African Ministers of Industry, and thereafter the Board should approve the programme at a resumption of its present session.

113. Mr. WIESEBACH (Deputy Director-General, Department of Programme and Project Development) said that the resources earmarked for the IDDA programme were already being used as "seed money" in the manner advocated by the representative of Zaire. The Inter-Agency Consultative Meeting on the Programme for the Second IDDA should prove instrumental in mobilizing resources for the IDDA programme. The Soviet Union representative had asked about the mechanism for implementing it; that point had been covered in the zero draft programme which would be considered by the Conference of African Ministers of Industry. The Board would receive a report in due course on the views expressed by the Ministers on the draft programme.

The meeting rose at 1.10 p.m.